

The Energy Efficiency and Resource Management Council

Minutes-May 8, 2008

Department of Administration

Conference RM (B)

CALL TO ORDER:

Meeting was called to order at 3:45 by Chairman Paul Ryan

Members Present: Andrew Dzykewicz, Sam Krasnow, Alfred Degen, Chris Powell and Tim Stout

Others Present Corrie Haley, Rachel Sholly, Joe Newsome, Ken Payne, Jeremy Newberger, and John Farley

Staff: Janet Keller, Pat Condon, Tim Howe, and Julie Capobianco

Consultant: VEIC- Scudder Parker

Acceptance of Minutes- A motion to accept the minutes of the March/April council meeting as presented was made by Alfred Degen and seconded by Chris Powell.

Executive Directors/Executive Secretary Report

Andrew Dzykewicz provided the council with an update/progress on the Governors five point energy plan.

Natural Gas Supply- Supply is good at the present time. However we expect that there will be a rate increase.

Reforming the Wholesale Electric Market- No change or progress from last month.

Low Income Assistance- No real change from last month. OER is looking at all options as we go forward with plans for next heating season. It is anticipated that oil will be in the \$5.00 per gallon range or higher.

Wind Power Initiative- Six vendors have asked questions concerning the RFP process. It is anticipated that we will receive formal proposals from each of them.

State Wide Energy Efficiency/Education

Mr. Dzykewicz informed council members that the state is still waiting on Kushner authorization to go forward for the Pastore Center and Zambrano Hospital as reported during the March meeting. No additional progress has been made.

Next, Mr. Dzykewicz stated that Joe Newsome is still waiting on Senate confirmation for the Low-Income slot on the council. It was reported that the required paperwork was sent to the wrong address which has since been corrected.

At this juncture, Mr. Dzykewicz introduced Janet Keller from OER as the point person and keeper of documents related to EERMC business. Mr. Dzykewicz stated that documents/handouts that were provided in the past should be sent to Janet for recordkeeping purposes at jkeller@energy.ri.gov. All future handout material should be sent to Janet one week in advance of meeting. This will allow members the opportunity to be more familiar with the material in preparation of the meeting.

Chairman, Paul Ryan discussed the need for EERMC bylaws asap. Scudder Parker offered to get some samples to use as a guideline/template and Janet Keller volunteered to get a draft for the next meeting.

- Mr. Dzykewicz discussed the comments that OER submitted to the PUC on the EERMC recommendations for standards for LCP, stressing two main issues: Some funding sources are not within PUC control**
- A better definition of the TRC test is needed.**

Sam Krasnow stated that he will make sure everyone gets a copy of

EERMC comments that were submitted to the PUC for standards for LCP.

Mr. Dzykewicz stated that Massachusetts OER has similar views regarding LCP held by RI OER.- that the LCP represents a radical departure from business as usual. Mr. Dzykewicz emphasized the the LCP should not be just an expensive version of the old (DSM) system.

He further stated, the LCP mandate to procure all cost effective energy efficiency would greatly drive increased investment in energy efficiency that would result in lower electric bills as usage drops even if there is an increase in electric rates. The main issue is on which level to assess the impacts: system wide, customer class or individual customer. Chairman Ryan suggested assessing impacts by rate class.

Tim Stout stressed the importance of monitoring and evaluation over several years and noted that National Grid uses a modified total Resource Test in Massachusetts that does not calculate environmental costs.

Sam Krasnow stated that the utility plan review would include new mechanisms and market transformation.

Mr. Dzykewicz added that the definition of the TRC test would set the stage for the rest of the LCP policy. It is important for the PUC to think this through very carefully.

Scudder Parker suggested that two issues may be better defined.

- :The test of cost effectiveness should include society's total costs as well as the utility system costs that are captured in the total resource cost test.**
- :The TRC does not address equity issues, while the statute envisions lowering the bill for Rhode Island.**

The question is a lower bill under what circumstances. A lower bill could put a huge burden on the utility. Timing is important. It seems that the objective is to make investments wherever possible and available for every customer to benefit. That would suggest not using the TRC on customer bills to evaluate cost effectiveness.

Mr. Dzykewicz noted that all costs show in one place or another. If the generator pays for carbon emissions, the costs of energy rises. He noted that if the distribution utility makes investments, that would increase the cost of the system, which would add to the transmission costs. He thought it would be very difficult to use anything but a comparison of bills before and after the energy efficiency investment.

Tim Stout noted that using the customer bill to measure the cost effectiveness of energy efficiency measures might not show the true impact because it would separately show the cost of any features added to the system that increased costs. He said that the

assessment could be done by end use.

Chris Powell stated that one piece that connects the two is the business as usual forecast. What is the going rate for wholesale power? What would it been without the investment? Sam Krasnow and Andrew Dzykewicz both agreed.

Chris Powell mentioned the cap on energy efficiency investments and said that the LCP strategy should include incentives and disincentives. He added that the cap inhibits Brown from maximizing energy efficiency. He cited auctions in other states.

Mr. Dzykewicz pointed out that the statute mandates buying cost effective energy efficiency. Scudder Parker said that bidding is a tool. Why is RI buying this much 3 cent power and that much 8 cent power? It is very important for the utility and EERMC to partner to show the benefits. One thing not to do is DRIPE (Demand Reduction Induced Price Effects. Evaluating cost effectiveness is simpler.

Mr. Krasnow then informed the members that KEMA was selected as the consultant for the “opportunity report” by the sub-committee consisting of Phil Mosenthal from VEIC, John Farley from Tec-RI and himself.

Chairman, Paul Ryan requested from Mr. Krasnow copies of all approved invoices and pending invoices for consultant services. Mr.

Krasnow agreed to this request.

Ken Payne provided the council with a progress report which included a handout describing the work completed to date by URI.

Next, Scudder Parker discussed briefly the interviews that were conducted by John Livermore & Glenn Reed from VEIC on May 2nd with Laura McNaughton from National Grid. A copy of interview was provided as a handout as was a copy of interview from Doug Baston from the VEIC team with Michael McAteer from National Grid. The purpose of this interview was to discuss initial steps National Grid could take in 2008-2009 to begin to address the aggressive “all cost effective “ efficiency acquisition goals in Rhode Island.

A motion to adjourn was called by Chairman Paul Ryan and approved unanimously by members at 5:45 p.m.